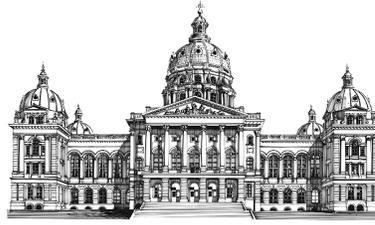


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# Iowa Legislative Fiscal Bureau

## Medicaid Children's

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## Services Initiative:

State Capitol  
Des Moines, IA 50319  
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## Update On Implementation

### ISSUE

A review of the status of the implementation of the Medicaid Children's Service Initiative and federal funding that was projected when the FY 1994 Children and Family Services Budget was approved.

### AFFECTED AGENCIES

Department of Human Services (DHS)

### CODE AUTHORITY

Section 11, HF 518 (FY 1994 DHS Appropriations Bill)

### BACKGROUND

Section 11, HF 518 (FY 1994 DHS Appropriations Bill) authorized the Department to add family-centered services, family preservation, treatment foster care, and group care services to the Medicaid State Plan. The DHS started the Medicaid Children's Services Initiative in an effort to meet increasing demand for child welfare services without spending additional State money. The General Assembly had been encouraging the DHS to seek alternative funding, especially federal funding from the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) Program. The federal government pays approximately 63.0% of the cost of assessment and treatment services provided under the Medicaid EPSDT Program.

The DHS chose to include the following rehabilitative treatment services in the Medicaid State Plan:

- Restorative Living Skills Development. Includes training and supervision in food planning and preparation, maintenance of living environment, time and money management, personal hygiene and self care.
- Family Skills Development. Includes training and education programs for parents including parenting classes, age-appropriate discipline, techniques for caring for children with special needs, techniques to manage difficult behavior, effective ways of communicating, and problem solving.
- Social Skills Development. Includes interventions that enhance a child's and family's ability to solve problems, resolve conflicts, and develop appropriate relationships with

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others.

- Therapy and Counseling Services. Includes services designed to halt, control, or reverse stress and severe emotional or behavioral problems.
- Psychosocial Evaluation. Includes services designed to assess basic strengths of the child and family, identify the goals and treatment services needed to obtain these goals and expected outcomes, and identify the resources available to promote and support these goals.
- Assessment and Care Plan Development. Includes services designed to assist foster families responsible for implementing the care plan, including proactive goal-setting and planning, assessment of the child's progress, and observation/assessment of foster family interactions.

The General Assembly approved the establishment of Clinical Assessment and Consultation Teams (CACT) to determine service necessity for rehabilitative services. These teams, composed of physicians or experienced child welfare practitioners, are charged with authorizing the scope, amount, duration, and desired service outcome of rehabilitative services.

### **CURRENT SITUATION**

The Initiative was implemented as scheduled on November 1, 1993. Administrative rules have been promulgated and 6 orientation sessions, attended by over 800 providers and other interested persons, have been held around the State.

The federal Health Care Financing Administration (HCFA) has approved the DHS proposed Medicaid State Plan amendment. The HCFA approval on the cost principles to be used in setting reimbursement rates is still pending. The DHS does not plan on allowing providers to include either interest expense or depreciation in their cost reports. To contain costs the DHS is assuming a 90% utilization rate; this will force providers to budget their fixed costs among a greater number of clients.

The DHS has been working on cost-based reimbursement rates for providers. All providers were required to submit cost reports by October 15, 1993, and these submissions are being reviewed by staff and the fiscal agent. A few providers who submitted late or incomplete information may receive delayed reimbursements until their cost reports are analyzed.

Although final rates have not been established, it appears that many group care providers will receive substantial increases. These providers had been receiving a reimbursement rate subject to a legislatively-enacted cap, that was in many cases, significantly lower than the actual cost of providing services. There will be more variation between the rates charged by group care providers.

The DHS plans to conduct a comprehensive reevaluation of the Medicaid Children's Services Initiative in late Spring or early Summer of 1994. The focus will be such topics as reimbursement rates, the referral process, certification, and service definitions.

### **BUDGET IMPACT**

The projected FY 1994 federal funding for Children and Family Services is \$67.5 million. Because of the November 1, 1993, implementation date and the usual delays in receiving federal funding, it

is too early to assess whether this target will be met. Iowa will not start receiving substantial federal money as a result of this initiative until January or February of 1994.

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